

77-4297/2

OGC REVIEW COMPLETED

MEMORANDUM FOR: Deputy Director of Central Intelligence

INTL

FROM:

Associate General Counsel

SUBJECT: Use of Appropriated Funds for Physical Conditioning
and Recreational Facilities

REFERENCE: Memo for DDCI, Via DDA, fm D/OP, dtd 9 May 77,
Subj: Facilities for Physical Conditioning and
Recreation

1. This is in response to your request for a review of the legality of spending appropriated funds for certain employee physical conditioning and recreational facilities. Referent memorandum suggests the following expenditures: \$600 for walking and jogging trails; \$15,100 for an electric gate, gravel road and 20-car parking lot; \$50,000 for four tennis courts; \$9,200 for a basketball court; \$350 for a volleyball court; \$5,500 for a handball court; and \$7,550 for drinking fountains and trash containers.

2. Article I, Section 9, Clause 7 of the Constitution, which provides, in pertinent part, "No Money shall be drawn from the Treasury, but in Consequence of Appropriations made Law; . . .," imposes a limitation on the disbursing authority of the executive branch unless funds have been duly appropriated by an act of Congress. Cincinnati Soap Co. v. United States, 301 U.S. 308, 321 (1937). By virtue of this provision, Congress has broad discretionary power to prescribe conditions and details attendant to expenditures of appropriated funds. Id. at 322. The purposes of an appropriation, as well as the terms and conditions under which it is made, are matters solely for the Congress and neither the executive nor judicial branches are entitled to interfere or usurp this constitutional authority. Spaulding v. Douglas Aircraft Co., 60 F. Supp. 985, 988; aff'd, 154 F.2d 419 (9th Cir. 1946); see also Hart's Case, 118 U.S. 62 (1886). Accordingly, no Federal officer, including the President, can legally expend funds without, or in a manner inconsistent with, a congressional appropriation. Reeside v. Walker, 52 U.S. 272, 291 (1850).

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3. The basic statute governing the use of appropriated funds is found at 31 U.S.C. 628 which provides:

Except as otherwise provided by law, sums appropriated for the various branches of expenditure in the public service shall be applied solely to the objects for which they are respectively made, and for no others.

The thrust of this provision is that inherent in the constitutionally based appropriation process is the understanding that when Congress appropriates funds to the various departments to carry out the functions and responsibilities assigned to each, it does so on the basis of an informed consent regarding the purpose or purposes for which the funds will be spent. Obviously, it is impossible for the Congress to be fully informed on every minor item of expenditure by each department of the Government and accordingly, certain rules of interpretation have grown up within the body of appropriations law, primarily as promulgated by the Comptroller General of the United States. Often he has been called upon to provide opinions on various and sundry expenditures sought to be made under generic, housekeeping or maintenance provisions of appropriations acts and in doing so has tried to find some logical nexus between the proposed expenditure and the purpose of the appropriation. In the absence of such a nexus, the proposed expenditure fails for want of legal authority.

4. The touchstone opinion of the Comptroller General in the area of using generally appropriated funds to provide recreational facilities for employees is found at 18 Comp. Gen. 147, 10 August 1938. In responding to the Secretary of War who wanted to use appropriated funds to provide recreational facilities for a Government workforce which was constructing a project on Midway Island, the Comptroller General held:

While the furnishing of recreational facilities may be highly desirable, particularly in a place such as referred to in your letter, they constitute expenses which are personal to the employees and which are not permitted to be furnished from appropriated funds unless provided in the appropriation either specifically or by necessary implication... In the present case, while it appears that the proposed expenditures would provide recreational and entertainment facilities for the employees, there has been no showing made or even any allegations that such expenditures are really within the purview of the appropriation for rivers and harbors improvements proposed to be used

for the prosecution of the project in question, or that such expenditures are essential in or even reasonably incident to prosecuting the project. Therefore, the question submitted is answered in the negative.

Ten years later, he applied the same reasoning to a question on the availability of appropriated funds to pay the salaries of civilian employees who were to develop, organize and supervise recreational programs for civilian employees of the Navy Department:

It may be stated as a general rule that the use of appropriated funds for objects not specifically set forth in the appropriation act but having a direct connection with and essential to carrying out the purposes for which the funds were appropriated is authorized. However, while recreational and entertainment programs for Federal employees doubtless may be desirable in certain instances, such as referred to in your letter, it would seem that, at most, they have an indirect bearing upon the purposes for which the appropriations were made. Hence, in the absence of a clear expression on the part of the Congress that appropriated funds be used in connection with recreational and entertainment activities for Federal employees, this Office would not be warranted in authorizing such use, notwithstanding the administrative determination of desirability of the matter. Accordingly, your question is answered in the negative. 27 Comp. Gen. 679 (12 May 1948)

This rigid position of the Comptroller General has continued and has been relaxed in only a few instances. Via an unpublished opinion, B-86148, 8 November 1950, he turned down use of appropriated funds for incentive background music at three Navy installations. In another, B-126374, 14 February 1956, citing 18 Comp. Gen. 147, he denied reimbursement to a Department of State officer who had spent \$53.50 to hire a boat and crew for a recreational trip on the Red Sea. A 23 May 1958 opinion, B-135817, directed a certifying officer not to certify a claim for \$17.95 for a volleyball, net and horseshoes purchased by the Forest Service for off-duty use by its employees at a remote site; the certifying officer believed a specific appropriation permitted the expenditure in question, and argued that unless the equipment was provided and the men encouraged to engage in "recreational activity of a wholesome nature," they would become restless

and sluggish due to inactivity, and this, in turn, would detract from the effectiveness of the Forest Service training. Citing again 18 Comp. Gen. 147, the Comptroller General held that, "at most, the furnishing of such equipment has only an indirect bearing upon the purposes for which the appropriation was made."

5. An example of the required logical nexus suggested previously is found in an opinion where the Comptroller General held that a specific appropriation act, the Mexican-American Treaty Act of 1950 which authorized the construction of a number of items including "recreational facilities for the officers, agents, and employees of the United States," therefore included, by necessary implication, an authorization to purchase playground equipment for the children of said employees. He ruled further, however, that the people who used the recreational facilities should be charged because, in most circumstances, they would be expected to furnish such equipment or facilities at personal expense; he did not require a charge for use of playground equipment. 41 Comp. Gen. 264, 24 October 1961.

6. Those few opinions in which this rigid prohibitive position has been relaxed provide little significant support for the proposed expenditures set out in the first paragraph. In one, where a Federal Aviation Administration appropriation specifically provided for "the construction and furnishing of quarters and related accommodations" in an isolated sector of the Panama Canal Zone, the Comptroller General interpreted the appropriation "as including certain limited recreational facilities such as tennis courts and playground facilities." B-173009, 20 July 1971 [Emphasis added.]. The opinion contained a number of criteria which distinguish it from the general rule. First, there was a specific appropriation which lent itself to the desired interpretation -- the "related accommodations" emphasized above; second, there had been an administrative determination that the absence of recreational facilities adversely impacted on the ability of the FAA to perform its functions at the location; and third, the facts underlying the administrative determination appeared compelling -- the FAA housing sites were isolated and not close to any recreational facilities and the absence of some form of recreation had caused dependent teenagers to turn to narcotics and vandalism and this, in turn, hampered personnel recruitment. The Comptroller General did not believe, however, that "related accommodations" included the construction of a gymnasium.

7. Other departures from the position are as follows: Based on a determination of the Commissioner, Bureau of Public Debt, that "scientifically programmed music" would improve employee morale, increase employee productivity and result in savings to the Government, the Comptroller General found that such

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music was a "necessary expense" and permitted payment of \$61.00 per month to MUZAK, thus reversing B-86148 of 8 November 1950. 51 Comp. Gen. 797, 6 June 1972. He also permitted an expenditure of \$400 for a television set as a "necessary expense" in carrying out the purposes of an EPA appropriation. The television set was to be installed on an EPA boat which plied the waters of the Great Lakes taking water samplings. The opinion noted that the EPA scientists on board were furnished lodging and meals and thus, compensated only \$1.00 per diem and that commercial lodgings would normally have included a television set. 54 Comp. Gen. 1075, 20 June 1970. As is evident, absent a specific appropriation providing for physical conditioning or recreational facilities or, a clear nexus between Agency functions and physical conditioning and recreating, expenditures for these purposes are generally held to be contrary to law.

9. The first OGC opinion (16 November 1951) on this question was written by Lawrence Houston and supported by a memorandum for the record on the applicable law. Referring to the 1938 Comptroller General opinion cited in paragraph 4, *supra*, Houston advised:

...The use of funds for this purpose has been denied in spite of the dearth of such facilities at the base, distance from the base to the closest public facilities, or the effect on the morale of employees in the absence of such facilities.

In view of this restrictive interpretation, justification for this Agency to expend funds for this purpose must be based upon unique operations, which could take us out of the purview of the decisions.

* * * *

Fundamentally, the justification for such expenditures is a factual determination for your... [the then DDS] ...consideration.

On the basis of this opinion determinations have apparently been made which permitted expenditures of appropriated funds for the physical fitness room and the limited equipment within it. According to a 5 August 1976 memorandum by the Office of Personnel, the physical fitness room was "established in order to provide for the conditioning of employees who have physically demanding official duties and those who are assigned to TDY standby status." That same memorandum asked that "our authority be reconfirmed to assign employees paid from appropriated funds to the EEA Coordinator function... and to the Physical Fitness Room." An OGC opinion dated 14 October 1976 in response to this request

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held that although appropriated funds could not be used for "purely recreational activities" physical fitness activities could be supported by the use of appropriated funds "where such expenditure is essential to the mission for which the funds were appropriated." It concluded that security and personnel requirements justified the continued use of appropriated funds for the EAA Coordinator Function and Physical Fitness Room. Upon reexamination it is our view that opinion stretched our spending authorities close to their outer limits, and it may even be that the opinion should be reconsidered, or at least bolstered by factual determinations which we understand were not made, tying the activities and expenditures in question to the Agency's mission. That is not to say the opinion is in error and indeed there are functional distinctions between a limited Physical Fitness Room and recreational facilities of the type proposed.

10. An argument might be made, of course, that the functions of this Agency and particularly certain responsibilities of clandestine services officers require that they be in excellent condition, and therefore, as a necessary and essential function of the Agency the Director has determined that a limited physical fitness facility is required. The thought here is that expenditures of the nature sought might be made from the Agency's confidential funds authority. Careful examination should be made, however, of the arguments and the underlying justifications before recourse to that authority. It could be argued, for example, that certain small segments of the DDO such as OTS and others who have STAT duties which require substantial physical exertion must maintain excellent physical health to be able to perform their duties. In addition, those Office of Security personnel who are assigned to protective responsibilities fall into this category. In fact, it is possible that the Director along with the Office of Medical Services could establish a program and direct the maintenance of certain physical standards by personnel in these categories. On the other hand, it could be argued that while this very small percentage of Agency personnel are required to maintain good physical conditioning and therefore, a physical fitness program via appropriated funds is necessary, that the large majority of Agency employees have no such requirements. A further argument which detracts from a recourse to section 8 of the CIA Act is the fact that the Washington, D.C. area does not suffer from a dearth of recreational and physical conditioning opportunities.

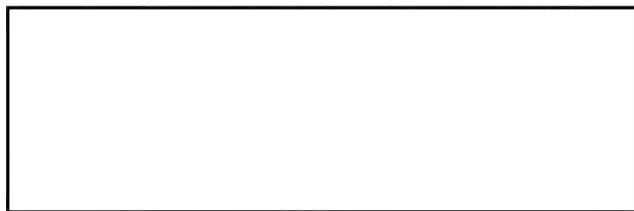
11. In summary, it is the opinion of this Office that arguments cannot fairly be made to justify the expenditure of appropriated funds for the purposes enumerated in referent memorandum. Two courses of action appear open to the Agency at this time. First, request of the Congress a specific authorization

to expend funds for the proposed purposes or, in the alternative, for the existing limited facility. I am of the opinion that given the modest amounts which are proposed to be expended, conceivably a case could be made which would satisfy the Congress as to the "necessity" for such facilities. A second course open to the Agency is to view this opinion as advisory in nature and prepare an inquiry for review by the Comptroller General using as justification as many of those things which can fairly be said to be supportive of the proposition that the facilities in question are "necessary or essential" to the mission of the Agency. This Office would welcome the opportunity to draft the inquiry to the Comptroller General if you believe that is a proper course to follow and, I would suggest a preliminary informal approach before we commence drafting.

12. This has been a most difficult opinion. Clearly, there is a substantial benefit to be gained by making the proposed facilities available to Agency employees on the compound for use before, during and after work hours, but it is imperative, I believe, to steer the Agency in a course on this question which is legally correct. I am confident that most of the proposed facilities can eventually be constructed either via the appropriation process or the suggested Comptroller General opinion and, the same will have been effected without any possible charge of illegality or impropriety.

13. If I can be of any further assistance, please advise.

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